On August 9, 2011, SCOR SE, a global reinsurer with offices in more than 31 countries, acquired substantially all of the life reinsurance business, operations and staff of Transamerica Reinsurance, the life reinsurance division of the AEGON companies. The business of Transamerica Reinsurance will now be conducted through the SCOR Global Life companies, and Transamerica Reinsurance is no longer affiliated with the AEGON companies.

While articles, treaties and some historic materials may continue to bear the name Transamerica, AEGON is no longer producing new reinsurance business.

Archive Materials

Underwriting Audits: Improving Results and Delivery
Reprinted from the July 2010 Messenger newsletter

by Ken Conners, Vice President and Chief Underwriting Officer
Carriers use a number of tools to measure the performance of their underwriting shops, ranging from periodic internal reviews to using third-party consultants and audit operations. In its purest intent, the reinsurance underwriting audit is just one of these third-party reviews.

Most underwriters recognize the value that reinsurance audit feedback can provide. When concern arises, it usually is directed at the process, which has changed little since the first underwriting audit was conducted decades ago. While an audit can help an underwriting shop improve its processes and outcomes, companies may find on-site audits distracting and resource intensive. A recognized advantage of traditional audits – the personal interaction that it helps foster between direct company and reinsurer underwriters – has eroded with the growth in remote underwriting.

Giving Clients the Remote Control
Technology advances have improved underwriting effectiveness through developments such as remote underwriting, rules-based engines and use of third-party evidence databases. We’re beginning to see some of those benefits accrue to the auditing process.

For instance, we have piloted a program to conduct audits remotely by capitalizing on technology. Underwriting reviewers randomly select cases to review and request access to documentation involving these cases. The key difference is that the carrier provides the documentation electronically to the reinsurer, eliminating the need to be on site and manage physical documents.

The results of the pilot affirm that remote audits are as reliable as on-site visits, providing comparative outcomes without the time and logistical constraints of traditional on-site audits. We plan to offer this option increasingly to clients in the future.

The Future: Partnership
The audits described above are still a retrospective review of procedures, staffing and decisions. Like traditional on-
site audits, remote audits occur after the policy is inforce – or worse, after the contestability period has expired. While the value of audits is in identifying potential underwriting or pricing differences, some of the issues identified through the audit may be mitigated by addressing any underwriting training issues or post-issue changes in decisions.

As part of our commitment to provide increasing value-added services to our clients, Transamerica Reinsurance’s Underwriting and Mortality Solutions departments have taken the next step in implementing underwriting audits. For fully underwritten business, Mortality Solutions clients use state-of-the-art technology, including rules-based engines, to capture all application data electronically, from application to issue.

We teamed with a trusted client to fully develop this next generation of audits, where the client allows our underwriters to review cases in real time. The client underwriter assesses a case online, and the reinsurance auditor can review that decision as it is made. This combines the technological advances related to remote auditing with the internal review that carriers already perform as part of their own quality assurance processes, providing a near-instantaneous review of decisions before policy issue.

Only outlier cases are flagged for audit. The underwriting auditor can provide thorough documentation to highlight areas of concern, including producer issues, areas for future training or issues involving third-party or remote underwriters. Many of these flagged cases may be resolved easily once other pertinent information is considered, while others may lead the auditor to recommend a different risk classification.

In some instances we discovered that the underwriter’s decision actually was more conservative than company guidelines allowed. This information has enabled the carrier to reapprove the policy with a more favorable decision, making the client’s action more competitive. Equally important, this new process has helped foster more regular and open dialogue between our underwriters and the client’s, leading to a stronger relationship that extends beyond just the audit.

**From Analysis to Action**

The real-time feedback incorporated in this format has allowed underwriters to take immediate action in reevaluating cases based on feedback from our experienced underwriters. More importantly, this new process has allowed the carrier to tailor its risk guidelines more quickly to meet expectations.

Feedback on an individual case decision can be helpful, but the real value of this process is in the strategic metrics that it provides. These analytics can be used by the direct writer to examine the profitability of a book more effectively and quickly. Discrepancies between actual and assumed can be identified during this process and allow the insurer to take action necessary to ensure the business performs as expected.

Technology is the lynch pin to this partnership. It allows our underwriters to work in tandem – in real time – with our client underwriters to place better business. If you would like to learn more about how we are using underwriting technologies to make your business more profitable, please contact your account executive or regional underwriting director.